

CHAPTER 6. FUNDING

6-1      Funding Sources. HUD will fund two types of HUD-approved housing counseling agencies: those agencies that choose to be approved and funded by HUD through a HUD-approved intermediary national, regional, or multi-State entity, and those agencies that seek HUD approval and funding directly from HUD rather than through an intermediary organization.

A.          HUD As a Funding Source

1.          Approval of an agency by HUD does NOT guarantee funding from the Department. Funding depends upon appropriations by Congress and is awarded competitively under federal and HUD regulations and policies governing assistance programs, and HUD's regulations implementing the Department of Housing and Urban Development Reform Act of 1989.
2.          Notice of Funding Availability (NOFA). If the Congress appropriates funds for housing counseling, HUD will publish a Notice of Funding Availability (NOFA) in the Federal Register. The Notice will set forth in somewhat general terms the application for funds and how HUD will allocate the funds. HUD will also publish an "application kit" based on the Notice. The kit contains more detailed application information. Publication generally occurs between January 1 and May 1 of the year following the appropriation by the Congress. It is the housing counseling agency's responsibility to ascertain when publication of the Notice occurs.

HUD funding awarded under a NOFA does NOT cover all expenses incurred by an agency to deliver housing counseling as defined in this handbook. Agencies must seek additional funds from other sources.

As a courtesy to HUD-approved housing counseling agencies, HUD will, if time permits, mail to each approved agency a copy of the current application kit; however, if HUD does not mail the kit or the agency does not receive it, this does not relieve the housing counseling agency of its responsibility to ascertain from the Federal Register the availability of funds and the kit. Counseling agencies should take the following steps to help assure receipt of the kit.

- a.          Make certain that the HUD office that approved the counseling agency has the agency's correct name and mailing address at all times, and
- b.          that the HUD office includes the agency's correct name and mailing address on HUD's list of approved agencies.

This is also critical to ensure appropriate client referral from HUD's toll-free 800 number (569-4287).

NOTE: While an agency may check these items with the HUD office at any time, it is most appropriate to do so during the first week of January each year. This check is especially important if the agency changed its name, address, or the telephone number during the preceding year, even if the agency notified the HUD office of the change previously.

See paragraph 2-9, AGENCY INFORMATION CHANGES, and Appendix 7.

- B. Local Funding Sources. HUD recommends that approved agencies seek funding from local sources such as community lending or realtor organizations in addition to the unit of local government. Agencies must assure that such arrangements do not violate the provisions regarding conflict of interest in paragraph 5-1E., Conflict of Interest, in chapter 5.

Funding from multiple sources provides the best insurance that a counseling agency can have of continued operation. Multiple funding sources also help to preserve the public perception of objectivity in the services being provided. Agencies must intentionally guard against becoming beholden to funding sources that compromise this objectivity in relation to clients.

- C. Community Development Funds. See para. 1-1J and 6-3.

- D. SEE PARAGRAPH 5-1E REGARDING CONFLICTS OF INTEREST CAUSED BY AN AGENCY'S RECEIPT OF FUNDS FROM SOME SOURCES.

- 6-2 Counseling Fees. HUD does NOT authorize a HUD-approved counseling agency to charge counseling fees for HUD-related clients as defined in paragraph 1-6A2 of this handbook EXCEPT in fiscal years where the

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Department does not receive an appropriation designated for this purpose. In that instance, the basis for any fees charged to a HUD-related client must be consistent with local practice and not duplicate other sources of HUD funding. Clients affected must be informed of the agency's fee structure in advance of services being provided.

Debt Management Service. HUD considers debt management service as an activity related to, but apart from, the counseling process. It involves the client turning funds over to the agency which then distributes it to creditors via agency checks. It also involves the agency in the maintenance of records regarding this service. Paragraph A below applies to charges for debt management service.

HUD does not involve itself in the details relating to counseling fees charged by a HUD-approved agency for non HUD-related clients; however,

if the agency charges such fees, HUD expects the agency to conform to the following guidelines.

- A. Provides counseling without charge to persons who cannot afford the fees
- B. Charges nominal fees in keeping with those of similar agencies for similar services
- C. Bases approved fees on a sliding scale in relation to the client's income and uses that scale for all fee clients.

6-3 Community Development Block Grants (CDBG). The following information applies only to CDBG grants.

- A. Local Discretion. The responsibility for selecting the activities to be funded under a particular CDBG program rests with local community officials.
- B. Eligibility of Counseling Services as a Public Service Activity. Counseling services are eligible for block grant funding under the Entitlement, State administered, and HUD-run Small Cities program as a public service. The Community Planning and Development Division of the local HUD office can provide information on requirements and the names of local contact persons.
- C. Eligibility of Counseling Services as a Reasonable Administrative Cost. Counseling services may also be eligible for block grant funding if they relate to housing counseling and other activities designed to further fair housing practices.

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- D. Requirements Applicable to CDBG Funded Counseling Services. Counseling services funded solely with CDBG funds must meet only the applicable CDBG requirements.

6-4 Fair Housing Initiatives Program (FHIP). The Office of the Assistant Secretary for Fair Housing and Equal Opportunity published Regulations in 24 CFR Part 125 on February 10, 1989, in the Federal Register, covering the Fair Housing Initiatives Program. That Office also publishes Notices of Funding Availability (NOFA) when appropriated funds are available. For further information, contact the Director, Fair Housing Initiatives Program Division, Room 5240, HUD, Washington, D.C. 20410.

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